

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of

NOTICE OF SOUTH CENTRAL BELL)
TELEPHONE COMPANY OF AN)
ADJUSTMENT IN ITS INTRASTATE)
RATES AND CHARGES)

CASE NO.
8150

O R D E R

On August 11, 1981, the Commission issued an Order in the above-styled matter adjusting the intrastate rates and charges of South Central Bell Telephone Company ("Bell"). On August 28, 1981, the Kentucky Telephone Answering Service Committee ("KTAS") filed an application for rehearing of this Commission's Order. Thereafter, on August 31 and September 1, 1981, respectively, Bell and the Coalition Against Local Measured Service, Inc. ("Coalition") also filed applications for rehearing. For purpose of clarity, the Commission will address each application individually.

In its application for rehearing, Bell contends that the Commission's treatment of tax savings on imputed interest and the rate of return allowed on equity are improper. The Commission finds that these matters have heretofore been considered and that no sufficient reasons have been advanced to require the Commission to modify or vacate its Order.

KTAS's first assignment of error is that the Commission failed to make specific findings with respect to issues addressed by the KTAS intervenors.

It is well-established that an administrative agency which makes the essential findings of fact in its order need not recite all of the evidence of record or conflicting testimony that gave rise to those findings. This principle is clear from the D.C. Circuit Court of Appeals opinion in Mackay Radio and Telegraph Company v. Federal Communications Commission, 97 F.2d 641, 645 (1938).

KTAS's second allegation is that the Commission erred in awarding Bell a rate increase for telephone answering facilities, including but not limited to the recurring and non-recurring rates for telephone answering service equipment, private lines as they relate to telephone answering services and the customers of telephone answering services and the multi-element service charges relating to the installation of a telephone answering service connection.

Although the rate adjustments for telephone answering facilities allowed in this case are virtually identical to those denied in Case No. 7314 and rescinded on rehearing in Case No. 7774, this Commission is not bound to adhere to prior decisions and may examine and consider changing facts and circumstances. Proprietary cost information furnished in this case under a protective order of confidentiality indicates

that the rates for certain telephone answering facilities have not been fully compensatory and have failed to provide a positive revenue contribution.

KTAS's third assignment of error is that the Commission improperly allowed Bell to render obsolete the 557B switchboard and to move it to the new Customer Premises Products Tariff ("CPPT").

The 557B switchboard and the parts for repair and maintenance must be manufactured on request, purchased from another operating telephone company or obtained from existing inventory. For this reason it was, and is, the Commission's opinion that it is reasonable to allow Bell to render this equipment obsolete. In arriving at this conclusion, the Commission realized that existing 557B switchboard customers will continue to receive repair and maintenance service and that no customer will be forced to discontinue his or her use of 557B switchboard service.

With regard to the move of the 557B switchboard to the CPPT, the Commission has found that the switchboard qualifies as a customer premises product. Moreover, as terminal equipment, it is subject to possible deregulation in the near future.

The application for rehearing by the Coalition was filed outside the limitation of time set forth in KRS 278.410. However, the Commission will address the Coalition's concerns regarding local measured service.

The expansion of local measured service does not make mandatory the use of this service but allows the subscriber to select either measured or flat rate service. Further, in approving the expansion of this service, the Commission continued to require Bell to file a periodic report which details measured service subscriptions and revenues in comparison to flat rate service subscriptions and revenues.

For the reasons set forth herein, the Commission HEREBY ORDERS that the applications for rehearing filed by South Central Bell Telephone Company, the Kentucky Telephone Answering Service Committee and the Coalition Against Local Measured Service, Inc., be and they hereby are denied.

Done at Frankfort, Kentucky, this 16th day of September, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katherine Rendall
Vice Chairman

Jim Carrigan
Commissioner

ATTEST:

Secretary